

STATEMENT OF THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

Mr. Chairman and Members of the Subcommittee, we are glad to appear before you again to continue discussion of our proposed Early Retirement Bill. I am particularly appreciative, Mr. Chairman, that you gentlemen have taken time from your busy schedule to work with us on this bill, which we regard as most important.

Today I have with me Mr. Lawrence R. Houston, our General Counsel; [REDACTED] our Legislative Counsel; and Mr. Emmett D. Echols, our Director of Personnel, and his Executive Assistant, [REDACTED]

In the books before you, at Tab 1 under the marker "Revised Bill," there is a clean draft of the bill we were working on in August. Included in this clean draft are the various amendments on which the Subcommittee expressed its will. Now, as to procedure if it suits the will of the Subcommittee, I would propose that Mr. Warner run through the bill pointing out the amendments which are underlined or bracketed in blue pencil. Thereafter, we propose to continue with a reading and review of the bill beginning at section 235.

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**EXPLANATORY NOTES ON ALL CHANGES TO BE
DISCUSSED IN BRASWELL MEETING**

(Page and line numbers refer to Committee Print)

1. Page 2, Line 16, Sec. 201(a)

This change is discussed as an "issue" in Tab 2. It modifies the requirement that our regulations be effective "after approval by the chairmen and ranking minority members of the House and Senate Armed Services Committees" to "after consultation with...."

2. Page 5, Line 8, Sec. 204(b) (3)

Committee Print includes a change in the definition of "child" to include a child up to age 21 who is a student and we recommend acceptance. The further change which we propose is a technical change to apply this definition only to annuity benefits.

3. Page 11, Line 10, Sec. 231(a)

The change we have drafted accepts Braswell's change to age 60 rather than "mandatory retirement age for his grade" (65 for GS-18 and above; 60 for GS-17 and below) as the cut-off point for allowing additional service credit in computing a guaranteed minimum annuity for disability retirement.

The change we have drafted rejects Braswell's proposal for conforming to the Civil Service rule of basing the widow's annuity on the disability annuitant's earned annuity rather than his actual annuity. This is discussed as an "issue" in Tab 2.

4. Page 11, Line 19, Sec. 231(b)

Technical change to cite Sec. 235, Mandatory Retirement for Age, in referring to these ages as cut-off for periodic reexamination of disability annuitants not determined to be permanently disabled.

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5. Page 16, Line 6, Sec. 232(b)

Technical change to restore reference to section on annuity to widow of employee who dies in service with less than 20 years of service (see Change 6 immediately below).

6. Page 16, Line 14, Sec. 232(e)

Restoration of provision for minimum annuity to widow of employee who dies in service with less than 20 years of service. Discussed as "issue" in Tab 2.

7. Page 17, Line 10, Sec. 233

Change to increase Agency service requirement from 5 years to 10 years to qualify for voluntary retirement at age 50 with 20 years of service. Change proposed by Braswell but not shown in Committee Print. Recommend we accept without argument.

8. Page 17, Line 11, Sec. 234

Change in title of section from "Discontinued Service Retirement" to "Discontinued Service Benefits". We believe "Benefits" is more descriptive and Braswell indicated agreement.

9. Page 18, Line 10, Sec. 234(c)

Restoration of a modified provision for involuntary retirement with immediate annuity based on age and service rather than grade. Discussed as "issue" in Tab 2.

10. Page 18, Line 19, Sec. 234(d) and (e)

Restoration of a provision for separation pay for involuntary "retirement" of employee not entitled to immediate annuity under Sec. 234(c) above. Discussed as "issue" in Tab 2.

(Sec. 234(e) is needed to provide authority for employee to assign his entire separation pay and thus have it to use for credit purposes immediately while gaining tax advantage of payment over three year period.)

11. Page 20, Line 12, Sec. 235

Revision of mandatory retirement for age to require minimum Agency service of five years. (An Agency service requirement of five or ten years was indicated by Braswell. If he insists, we can accept a 10-year requirement but believe it would be unfair to man who might join us at age 53 or 54, for example, and be separated at age 60 with nothing but a deferred annuity at age 62. As a practical matter, we could extend service in such cases--they would be most unusual in any event.)

12. Page 21, Line 3, Sec. 236

This is a new section in the Committee Print fixing a limit of 400 for the next five years and a limit of 400 for a second five-year period on the number of retirements, except disability, under this system. The change is to include, at his request, "Sec. 235" referring to mandatory age retirement and, assuming he agrees to restore an involuntary retirement, reference to Sec. 234.

Ceiling cuts may put a squeeze on us to stay within 400 for the next five years but we believe we can manage. We have told Braswell that we don't know whether 400 is adequate for the second five-year period; his answer: "You will have plenty of time to get it changed." We recommend accepting these limitations.

13. Page 24, Line 17, Sec. 252(b)

Technical change to include United States Code citation requested by Braswell.

14. Page 25, Line 17, Sec. 252(c) (2)

Technical change to include for second time United States Code citation requested by Braswell.

15. Page 27, Line 4, Sec. 252(f)

Technical change to include reference to Sec. 253 (governing credit for military service during period of civilian service) as being overruled by Sec. 252(f). This conforms to pertinent Civil Service rule governing credit of military service.

16. Page 27, Line 24, Sec. 253(a)

Technical change to correct erroneous reference to subsection 252(f).

17. Page 29, Line 2, Sec. 253(a)

Technical change to conform to exact language of Civil Service provision on same point.

18. Page 28, Line 15, Sec. 253(b)

Technical change to remove erroneous duplication of this section in Committee Print.

19. Page 29, Line 18, Part H

Technical change to correct printing error in HR 8427.

20. Page 30, Line 17, Sec. 273

Provision for retention of part of annuity upon reemployment in federal service in position paying less than salary at time of retirement. Discussed as "issue" in Tab 2.

Sec. 201(a), page 2, line 16:

Strike the words "approval by" and insert in lieu thereof
the words "consultation with".

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Sec. 204(b) (3), page 5, line 8:

After the word "Child" insert a comma and the following phrase: "for the purposes of section 221 of this Act, ".

Sec. 231(a), page 11, line 10:

Change the comma after the word "sixty" to a period, and
strike the remainder of the sentence.

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Sec. 231 (b), page 11, line 19:

After the word "grade", strike the words "in the Agency"
and insert in lieu thereof the following: "as provided in
section 235."

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Sec. 232(b), page 15, line 6:

After the word "of" insert the following:

"paragraph (e) of this section and of".

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Sec. 232(e), page 16, line 14:

After subsection 232(d) insert the following paragraph as subsection 232(e):

"(e) If, at the time of his or her death the participant had less than twenty years of service credit toward retirement under the system, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 221 on the assumption he or she has had twenty years of service, but the additional service credit that may accrue to a deceased participant under this provision shall in no case exceed the difference between his or her age on the date of death and age 60. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death."

Sec. 233, page 17, line 10:

Strike the word "five" and insert in lieu thereof the
word "ten".

Sec. 234, page 17, line 11:

Strike the word "Retirement" in the section title and insert
in lieu thereof the word "Benefits".

Sec. 234(c), page 18, line 10:

(c) The Director may in his discretion place in a retired status any participant who is at least fifty years of age or who has completed at least twenty-five years of service, provided such participant has not less than five years of qualifying and a total of ten years of service with the Agency. If so retired, such participant shall receive retirement benefits in accordance with the provisions of section 221.

Sec. 234, page 18, line 19:

(d) Any participant who is involuntarily separated from the Agency after having performed not less than five years of service with the Agency and who is not eligible to receive an immediate earned annuity in accordance with the provisions of this Act may (except in cases where the Director determines that separation was based in whole or in part on the ground of disloyalty to the United States) be paid a separation benefit of one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the fund, in three equal installments on the 1st day of January following the participant's separation and on the two anniversaries of this date immediately following: Provided, That in special cases, the Director may in his discretion accelerate or combine the installments.

(e) Notwithstanding the provisions of section 3477 of the Revised Statutes, as amended (31 U.S.C. 203), or the provisions of any other law, a participant shall have the right to assign to any person or corporation the whole or any part of the benefits receivable by him pursuant to paragraph (d) of this section.

Sec. 235, page 20, line 12:

MANDATORY RETIREMENT FOR AGE

Sec. 235. Any participant in the system receiving compensation at the rate of grade GS-18 or above shall be automatically separated from the Agency upon reaching the age of sixty-five. Any participant in the system receiving compensation at a rate less than grade GS-18 shall be automatically separated from the Agency upon reaching the age of sixty. Such separation shall be effective on the last day of the month in which a participant reaches age 60 or 65, as specified in this section, but whenever the Director shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years. A participant separated under the provisions of this section who has completed five years of Agency service shall receive retirement benefits in accordance with the provisions of section 221 of this Act.

Sec. 236, page 21, line 3:

Strike the term "section 233" and insert in lieu thereof the phrase "sections 233, 234 and 235".

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Sec. 252(b), page 24, line 17:

After the word "Act" insert the following: "(5 U.S.C. 2254(c))".

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Sec. 252(c) (2), page 25, line 17:

Strike the phrase "211 of this Act" and insert in lieu thereof the phrase "4(c) of the Civil Service Retirement Act (5 U.S.C. 2254 (c))".

Sec. 252(f), page 27, line 4:

After the word "section" insert "or section 253."

Sec. 253(a), page 27, line 24:

After "Sec. 253 (a)," strike "Notwithstanding subsection (f) of section 252", and capitalize the word "a" which follows.

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Sec. 253 (a), page 28, line 2:

After the comma, insert "has left or".

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Sec. 253(b), page 28, line 15:

Strike, as redundant, that subsection 253(b) which begins
at line 15 and carries on to line 19.

Part H, page 29, line 18:

After the word "GOVERNMENT", strike the word "RECALL"
in the title of Part H, and insert the word "RECALL" as the title
of Sec. 271.

Sec. 273, page 30, line 17:

Strike Sec. 273 (a) and (b) and insert in lieu thereof:

REEMPLOYMENT COMPENSATION

Sec. 273. (a) Notwithstanding any other provision of law, any annuitant who has retired under this Act and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act which when combined with such salary does not exceed during any calendar year the basic salary such annuitant was entitled to receive on the date of his retirement from the Agency. Any such reemployed annuitant who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

(b) When any such retired annuitant is reemployed, the employer shall send a notice to the Agency of such reemployment together with all pertinent information relating thereto, and shall pay directly to such annuitant the salary of the position in which he is serving.

(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed annuitant, or from any other moneys, including his annuity, payable in accordance with the provisions